



ABOYNE LODGE SCHOOL

FINANCE POLICY

2018

This policy is based on recommendations of good financial practices for schools originating from the Audit Commission, Ofsted 'Framework for School Inspections' and HCC's most recent 'Handbook of Financial Regulations and Standards (October 2006)'. All requirements that are itemised in that handbook shall be adopted as policy.

The intention of this policy is to ensure that proper accountability, checks and controls are maintained in relation to school finance. It is formed in conjunction with HCC latest recommendations and has been written after going through all issues that those regulations raise in order to ascertain that the procedures in place correspond. Occasionally in the text below there is passing reference to this document rather than full elaboration. Typically this is where school procedure follows a particular practice which is fully outlined in that documentation and therefore has only been referenced in this policy.

School finances are intended to be efficiently deployed to best suit the needs of the school. The school has sought to fully implement the HCC guidelines in order to ensure that proper checks exist to validate this deployment. Broadly, overall finances are set by the Governing Body in the annual budget and major development issues are logged in the School Development Plan. For many years it has been the policy of the Governing Body that financial management has been delegated to the Head. This policy seeks to identify specific responsibilities and to ensure that all parties who have a responsibility for school finances do so in accordance with laid down procedures.

Charges and Remissions

The Policy on charges and remission of charges is bound with the Governor Induction Pack and is outlined in the School Brochure. Charges are made for activities. In particular circumstances the Head may have the discretion to reduce or remit charges.

Hiring of School Premises

School Premises are hired on a regular basis through the Head. Charges are levied in line with HCC guides although the Head is empowered to vary and negotiate these rates. Typically this would involve setting market rates for commercial hiring and reduced rates for charity and community activity.

In general, the use of school premises outside of school hours is welcomed subject to issues of security, wear and tear and staffing. Preference is given to charitable bodies and community organisations, particularly those involving children who attend the school. No charge is made for PTA activities.

All orders, invoices and payments are processed through the normal HCC procedure and recorded in school accounts which are audited by HCC nominated auditors.

Schedule of Delegation

It is the responsibility of the Governing Body to ensure that proper financial management arrangements and accounting procedures are followed. (See also [Separation of Duties Policy](#))

The Governing Body is responsible for the School Improvement Plan. This is formulated with reference to previous plans and is an ongoing instrument that is continually being developed and worked upon. The overall school budget is annually set by the Governing Body in relation to the Improvement Plan. In practice this plan receives ongoing staff input and is drafted and maintained by the Head.

Issues related to pay are delegated to the Resources Committee. This is outlined further in the school Pay Policy document bound in the Governors' Minutes.

The following policies are adopted with reference to and in accordance with the HCC LMS handbook of financial regulations and standards (October 2006).

The Board of Governors of Aboyne Lodge will:

- approve an ongoing school improvement plan and take stock of the progress of the plan on a termly basis
- approve the school's medium term financial plan and review this document in the light of any significant factors that come to the attention of the Governing Body
- approve the school's annual budget and best value statement and its submission to the Authority by 1 May each year
- approve virements over £10,000 between budget headings
- review the budget monitoring reports and the projected out-turn position on a quarterly basis
- approve any financial returns required by the Authority
- consider the Internal Audit report and the action plan for implementing the recommendations proposed by the Headteacher
- review the implementation of the recommendations of the Internal Audit Report by the school
- set house rules for a purchasing policy, and monitor and review the rules in accordance with County Council guidelines
- approve orders for all goods and services from revenue above £50,000 and from capital above £20,000. A minimum of three formal tenders for these purchases and contracts should be obtained
- approve the charging policy for income
- approve and periodically review the policy for security arrangements at the school (including procedures for call-out and key replacements)
- ensure that all assets of a desirable and portable nature are recorded on the school inventory
- approve the policy for disposal of surplus stock and equipment and the sale of property, other than land and buildings
- authorise items for disposal above a residual value of £1,000
- ensure that an annual return or audit certificate is submitted to the Chief Internal Auditor for every private, voluntary or trading account controlled by the Governing Body
- ensure there is a Data Protection Registration covering any data the governors may hold, as distinct from data held by school employees and renew annually
- ensure the maintenance of a Register of Business Interests of governors and staff.

The Resources Committee will:

- consider the draft school improvement plan, review and monitor it
- consider the school's medium term budget plan in the light of the development plan and the level of future resources
- consider the draft school budget and key issues and proposal of the balanced budget for the year for the approval of the Governing Body
- approve virements of money between budget headings over £3,000 and up to a limit of £10,000 (including approval of virements made by the Headteacher)
- the monitoring of all goods and services above £5,000 up to a limit of £10,000 except for examination fees. A minimum of two quotes for these purchases and contracts should be obtained
- approve ordering of goods and services between £10,000 and £50,000
- monitor and control expenditure against the budget during the financial year
- consider the annual financial report to parents
- set a charging policy for consideration by the Governing Body
- approve and write off bad debts accruing to the school up to a value of £500; items above £500 must be referred to the Finance Director for approval
- undertake an assessment of risk management for insurance purposes at the school
- open any bank account (private funds only) and approve or vary signatories thereto.
- To approve all payments made to the Head Teacher personally, ie reimbursement of payment for goods/services purchased on behalf of the school and personal expenses incurred eg travel expenses

The Headteacher

The Head is delegated the responsibilities of day-to-day financial management. This includes the processing of orders and the signing of cheques. The Head shall report termly to the Governing Body through Resources Committee, on school budget issues and produce a financial statement. The Head has responsibility for financial planning and budget preparation, monitoring and control (but not approval) and providing returns to the LEA.

The role and financial responsibility of the Headteacher cover several budgetary, planning, control and reporting subheadings as follows:

Budget management

- Prepare the school's development plan in consultation with the Resources Committee for consideration by the Governing Body.
- Secure the implementation of the improvement plan with the collective support of the school staff.

Financial planning: the Medium Term Financial Plan

- Prepare a three-year medium term budget on the basis of the cost of current policies, the proposals for change (drawn from the school's improvement plan) and estimate the level of future resources.

Annual Budget Plan and Best Value Statement

- Prepare the school's draft annual budget and best value statement, on the basis of the agreed objectives of the school as set out in the school development plan these are for consideration by the Resources Committee.

Budget monitoring and control

- Draw up a virement between budget headings up to a value of £3,000.
- Monitor and control expenditure against the budget during the financial year; this includes the preparation and approval of reports for the resources Committee and Governing Body and the production of a register of staff responsible for managing budgets.
- Draw up a timetable with key dates for annual budget management

Financial reporting to the Authority

- In conjunction with the Chair of Governors, prepare and approve all year-end accounts and any financial returns required by the Authority.

Audit and Inspection Reports

- Produce a formal response to the Internal Audit report, and an action plan showing how the recommendations will be implemented.

Retention and disposal of accounting records

- Maintain complete financial accounts and full supporting financial records for all accounts for 7 years.

Computer systems and the Data Protection Act 1998

- Ensure that the school complies with the requirements of the Data Protection Act 1998.
- The setting up and maintaining of access profiles for system users and the production and security of back-up disks and files, to network manager, Maria Aguado.

Banking arrangements

- The Headteacher is the sole signatory of cheques to an upper limit of £2,000 and with a second signatory over £2,000, up to £20,000.
- Approve bank reconciliations on a monthly basis.
- Approve the arrangements made to bank monies.

Petty cash

- Agree, with the Governing Body, an appropriate amount of petty cash to be held and the periodic check of the completeness of financial records.

Suitable controls are established for the collection and recording of moneys due and the banking and movement of these monies. All money coming into school is delivered at the first opportunity to the office where the secretary (and/or his/her assistant) will count the money and verify its purpose. He/She will then ensure that it is banked at the earliest opportunity. All money received is recorded in the appropriate book/register and, where appropriate, a receipt is issued. All money is banked and processed through the school accounts.

Typically, money from parents enters the school in sealed envelopes with the purpose, name and amount written on. This is usually received by the teaching staff who will send it to the office where the amounts and details are verified. In some circumstances (e.g. school journeys) the teacher will register the receipt of the money before sending this money to the office.

Other money coming to school is normally received in cheque form by the Head and then passed to the secretary for recording and banking. In the case of the vast majority of school money, it is further 'tracked' through the computerised accounts procedures. Other money (typically money that is of an 'in/out' nature e.g. school journey money) is 'tracked' by the receipts/expenditure book. All money received is paid into the school accounts. Any movement of money is recorded in the school banking books and the receipts/expenditure book. All cheques issued are recorded on the cheque stubs. Receipt and invoices are stapled together and kept. Throughout the year invoices, receipts and payments are checked, balanced and (periodically) externally audited.

Donations are always received by the Head or Secretary who will issue a receipt if appropriate. They will also ensure that each other is made aware of the donation.

Personnel and payroll

- Periodically reconcile gross pay with contracts and other authorised documents. This is further delegated to Finance Secretary, School Secretary.
- Determine employee status for all school staff.

Purchasing – provision of goods and services

- Monitor purchasing regulations to ensure compliance by the school.
- Obtain at least one quote and confirm in writing for orders under £5,000
- Ensure that a minimum of 3 quotes or tenders are obtained for purchases and contracts valued between £5,000 and £30,000. Building or complex work MUST go out to tender.
- Maintain a list of contacts for guidance and advice.

Leasing

- Seek approval for any non-exempt leases from the Authority's Financial Director.

Orders for goods and services and payment of accounts

- The maintenance of authorised signatory list for orders.
- The Headteacher may control the placing of orders for the purchase of all goods and services, up to a value of £5,000. A member of the Governing Body must countersign orders above that amount.
- The Deputy Headteacher may authorise purchases of goods and services up to a value of £2,000.
- The Headteacher can authorise payments and be the sole cheque signatory up to £5,000 and with a second signatory up to £20,000. A member of the Governing Body must countersign cheques above that amount up to £50,000.
- The Deputy Head and Key Stage 1 Leader (2 signatories) to sign cheques up to £2,000 in absence of Headteacher. A member of the Governing Body must countersign cheques above that amount, up to £20,000.

Income

- Set suitable controls for the recording and collection of monies due, and for the movement and banking of monies for all accounts under the control of the school.
- Write off bad debts up to £100.
- Ensure the security of monies held on site. See page 4.
- Payments over £50,000 will be referred to the Local Authority

Security of stocks and other property

- Produce and implement a policy for security arrangements at the school (including procedures for call-out and key replacements).
- Ensure the physical security of the school's assets, and maintain a periodically inspect an up-to-date inventory.
- Prepare a policy for the disposal of surplus stock and equipment and property, other than land and buildings, and authorise items for disposal up to a maximum value of £1,000.
- Maintain a register of key holders.

Insurance

- Initiate adequate insurance cover for the school, and maintain a register of policies taken out.

Supervise contractors and service providers

- Supervise contractors and service providers to ensure the receipt of best value for money and compliance with legislation.

Delegations from the Headteacher

The Headteacher delegates the following responsibilities:

Budget monitoring and control

- The control and monitoring Upper and Lower phases and EYFS budgets are delegated to the Phase leaders. Curriculum budgets are delegated to Subject Leaders.

Financial reporting to the Authority

- The preparation of the year-end accounts and other returns required by the Authority for consideration by the Headteacher, to Financial Adviser.

Retention and disposal of accounting records

- The retention, secure storage and disposal of accounting records in accordance with both legal and Authority requirements, to School Secretary.
- The maintenance of full financial records for all accounts, to School Secretary.

Computer systems and the Data Protection Act 1998

- The setting up and maintaining of access profiles for system users and the production and security of back-up disks and files, to Financial Services and Network Manager

Banking arrangements

- The signing of cheques, for less than £2,000, by two other authorised signatories - Deputy Head and Key Stage 1 Leader. (in an emergency cheques to a higher value can be signed with the authority of the school Funding Unit) See also page 5.
- The control and reconciliation of the school's bank accounts for consideration by the school's Headteacher or Deputy Headteacher - Financial Services.
- The preparation of receipts for banking, to the School Secretary and Assistant Secretary, and the physical banking of monies to the School Secretary.

Personnel and payroll

- The filing and storage of personnel and pay records, to the School Secretary.

Leasing

- The maintenance of a register for all leases held by the school, to the School Secretary.

Orders for goods and services and payment of accounts

- The authority for the signing of official orders for the purchase of goods and services up to the value of £2,000, other than by the Headteacher, to Deputy headteacher and Key Stage 1 Leader.
- The confirmation of the receipt of goods and services, to the Assistant Secretary, Admin Assistant or Caretaker.
- The authorisation of the Headteacher's expense claims, to chair or Vice Chair of Governors.
- The preparation of cheques for payment of services, to the School Secretary.
- The maintenance of an authorised signatory list for the bank, employment contracts and pay documents to the School Secretary.

Value Added Tax

- To monitor the regulations on VAT, ensuring compliance by the school, to Financial Adviser.
- To complete and submit the reimbursement claim for VAT on a quarterly basis, to Financial Adviser.
- To monitor the CIS (Construction Industry Scheme) regulations, to ensure compliance by school, to the caretaker.

Income

- The control and collection of all income to the School Secretary. Day to day counting of cheques and money and preparation for banking is further delegated to the Assistant Secretary.

Security of stocks and other property

- The security of physical assets to Site Manager, Caretaker and the recording of inventory changes to the Admin Assistant .
- The physical inspection of the inventory on an annual basis to School Secretary.

School assets are kept as secure as possible. The school building is protected by a burglar alarm system and has several lockable and alarmed cupboards. Little, if any money is kept on the school premises out of school hours and this is securely locked away in the school safe. Where possible internal lighting is turned off and external sighting of valuable assets is limited by screening or curtaining.

Non-expendable items over the value of £250 (e.g. TV, computers) are registered on the school inventory and may be marked with a security marker and etched with the School's name. The existence of all electrical items is checked as part of annual Health and Safety checks.

The school purchases the contents/premises insurance cover arranged through HCC and takes out additional £1m 3rd Party Public Liability Insurance to cover events taking place in the school premises.

Annual timetable for financial reporting

January: review pupil numbers and determine variation from predicted figure.

February: estimate outturn for current financial year

Early March: report to governing body pupil number implications, outturn, and agree major development objectives in the light of the medium term education and budget plan.

Check County budget proposals for growth or reductions and formula changes.

March: receive school budget share information, contract service prices and prepare budget.

End of April/May: subject to information being received in time, present balanced budget for consideration and approval to governing body. Submit approved budget to the education authority.

Submit quarterly returns to education authority - June, September, December, March - and Year End Accounts.

Submit the termly monitoring statement for The Standards Fund (TSF) to the education authority.

Submit as part of Head's report to Resources Committee a monthly financial statement of the current budget. Indicate any necessary alterations to the planned budget.

Each month the head will monitor the progress of the predicted budget against actual expenditure, check the budget profiles, and complete a budget control form to record any variations.

Confidentiality of financial matters must be maintained with financial information being disseminated on a need to know basis. This particularly pertains to personnel issues and to data affected by the Data Protection Act.

A Register of pecuniary interests (governors) is maintained.

School finances are regularly audited, externally and the Head shall respond to any recommendations made.

This policy statement and delegation levels within it will not be changed without the approval of the Governing Body.

A. Abley

Approved: November 2009

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Approved 2014

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